

REMARKS

After entry of the foregoing amendment, claims 2 and 5-7 are pending in the application.

Responsive to the Appeal Brief, the Examiner has abandoned the previous rejection of claim 2, and restarted prosecution – citing new art.

Claim 2 has been “objected to,” but no statutory basis therefor has been offered.

The Examiner faults the omission of a “reader device … capable of reading the digital watermark.”

Applicants respectfully observe that the claim is drawn to a *method*, not an apparatus. Accordingly, applicants decline to burden the claim with “device” limitations.

The remainder of the Examiner’s comments concerning the objection are not understood, e.g. reference to a bar code reader (which is not required by the claim), and the digital watermark being both not having any patentable weight, and being given patentable weight.

The “digital watermark” language is a plain limitation of the claim, and cannot be ignored by the Examiner.

Claim 2 is believed sufficiently definite to establish the scope of protection. If the objection is maintained, the Examiner is asked to cite a basis therefor, and to schedule an interview with the undersigned and supervisory Examiner Stambler to discuss the matter.

Claim 2 has been rejected as both anticipated by, and obvious in view of, Lemon (4,674,041). The rejections are respectfully traversed. Lemon does not teach or suggest presentation of any digitally watermarked object, or triggering of any response upon presentation of such an object. Moreover, the Examiner’s musings about Lemon triggering different responses at different locations appears to be conjecture on the Examiner’s part, rather than a teaching found in the document. As such, the rejection evidences impermissible hindsight.

In view of the failure of the art to teach the noted claim limitations, and the failure of the Action to establish a *prima facie* showing of obviousness, applicants will not lengthen this response with other points that might be made concerning the claim and the art.

New claims 5-7 are added to more fully protect applicants' inventive work.

This application has been pending over four years. No *bona fide* basis for rejection has yet been offered. Any further rejection will be (after telephone discussion with the Examiner and his supervisor) presented in a second appeal.

Favorable reconsideration and passage to issuance are solicited.

Date: November 10, 2004

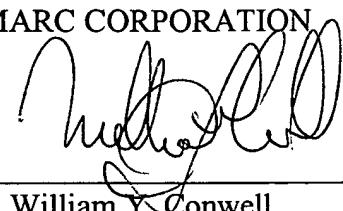
CUSTOMER NUMBER 23735

Phone: 503-469-4800
FAX 503-469-4777

Respectfully submitted,

DIGIMARC CORPORATION

By _____


William Y. Conwell
Registration No. 31,943